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February 10, 2006

AGENDA ITEM 9

TO: MEMBERS OF THE FINANCE COMMITTEE

- I. SUBJECT:** FY 2005-06 Annual Plan (Second Quarter Update)
- II. PROGRAM:** Systemwide
- III. RECOMMENDATION:** Approve the second quarter update of the 2005-06 Annual Plan and the Transmittal Letter. Upon approval, transmit the second quarter update of the 2005-06 Annual Plan to the Joint Legislative Budget Committee, Fiscal Committees of the Legislature, the State Controller, and the Department of Finance in accordance with the Budget Act of 2005; and the Legislative Analyst's Office and the State and Consumer Services Agency.
- IV. ANALYSIS:**

Current 2005-06 Annual and 2005-06 through 2007-08 Three-Year Business Plan

The second quarter update of the 2005-06 CalPERS Annual Plan is presented for your approval. The 2005-06 Annual Plan is reflected as the first year objectives of the current Three-Year Business Plan (Attachment I). This plan sets the CalPERS business direction and contains the major business objectives for the next three years.

The second quarter report reflects the continuing progress and status of the work completed through December 31, 2005 and presented in the 2005-06 Annual Plan and the 2005-06 through 2007-08 Three-Year Business Plan objectives (Attachment I).

The information contained in this agenda item will be transmitted to the entities stated above in accordance with control language included in the Budget Act of 2005. This transmission will take place upon approval of this agenda item by the Committee and Board of Administration. A draft transmittal letter is attached for your review (Attachment II).

Members of the Finance Committee
February 10, 2006

As noted in Attachment I, work accomplished in the second quarter has made progress toward the achievement of objectives in the current Three-Year Business Plan.

CalPERS New Strategic Business Plan

In addition to completing our current business plan goals and objectives, CalPERS has been in transition between working on the current business plan and the development of the new business plan. Staff has been refining objectives and developing strategies to meet the new strategic goals that were approved by the Board in September 2005.

During this process, staff have been evaluating and refocusing the current Three-Year Business Plan objectives when necessary to reflect the new strategic goals. This process is important to ensure the current objectives are relevant and attainable in the achievement of the new strategic goals. The process also involves ensuring the appropriate activities are being measured and that tools are in place to measure the improvements.

The table below represents when the quarterly updates for the remainder of the 2005-06 Annual Plan will be reported to the Committee. It also represents when the updates for the 2006-09 Three-Year Business Plan will be reported to the Committee.

FINANCE COMMITTEE MEETING DATE	2005-06 ANNUAL PLAN	2006-09 THREE-YEAR BUSINESS PLAN
February 10, 2006	2 nd QUARTER REPORT	
March 10, 2005		FIRST READING
April 14, 2006		SECOND READING
June 16, 2006	3 rd QUARTER REPORT	
September 8, 2006	4 th QUARTER REPORT	
December 15, 2006		1 st QUARTER REPORT

V. STRATEGIC PLAN:

The Three-Year Business Plan documents business priorities and the enterprise implementation plan that will lead toward the achievement of the CalPERS Strategic Goals. The Annual Plan outlines the organization's current year objectives.

VI. RESULTS/COSTS:

Cost and resource needs associated with the activities identified in the Three-Year Business Plan and 2005-06 Annual Plan were approved as part of the CalPERS 2005-06 budget.

Original signed by Susan L. Garrett

Susan L. Garrett, Chief
Strategic Management Services Division

Original signed by Curtis Howard

Curtis Howard
Assistant Executive Officer
Administrative Services Branch